

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2019-222-C - ORDER NO. 2019-526

JULY 26, 2019

IN RE:	Application of Sandhill Telephone)	ORDER APPROVING
	Cooperative, Incorporated for Approval of an)	PLAN FOR
	Alternative Regulation Plan Pursuant to)	ALTERNATIVE
	South Carolina Code Ann. Section 58-9-576)	REGULATION
)	PURSUANT TO SC CODE
)	ANN. § 58-9-576

This matter comes before the Public Service Commission of South Carolina (“Commission”) on the Application of Sandhill Telephone Cooperative, Inc. (“Sandhill”) for Approval of an Alternative Regulation Plan Pursuant to South Carolina Code Ann. Section 58-9-576. Attached to this Order, the company provided an alternative regulation plan with its Application that conforms to the requirement of Section 58-9-576(B) regarding all of its offered services regulated by the Commission.¹ Notice of this matter was published in *The Link* and *The State*, informing interested parties of the company’s application. However, no protests or petitions to intervene were received.

As background, the Commission approved an interconnection agreement between Sandhill and South Carolina Telecommunications Group Holdings, LLC d/b/a Spirit Communications ("Spirit") by Order No. 2017-603 in Docket No. 2017-288-C. Pursuant to S.C. Code Ann. § 58-9-576(A), any LEC may elect the alternative regulation plan described in S.C. Code Ann. II 58-9-576(B) if the Commission has approved a local interconnection agreement in which the LEC is a participant with an entity determined by


¹ Attached as Order Exhibit 1.

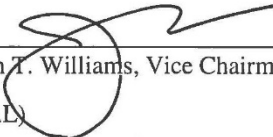
the Commission not to be affiliated with the LEC. Sandhill has submitted the affidavit of C. Lee Chambers, the company's chief executive officer, certifying that Sandhill is not affiliated with Spirit.

We approve Sandhill's Application for alternative regulation pursuant to S.C. Code Ann. Section 58-9-576.

This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:


Comer H. Randall, Chairman


Justin T. Williams, Vice Chairman

(SEAL)

**SANDHILL TELEPHONE COOPERATIVE, INC.
ALTERNATIVE REGULATION PLAN
PURSUANT TO S.C. CODE ANN. § 58-9-576**

Filed June 13, 2019
Effective July 13, 2019

1. Introduction

Sandhill Telephone Cooperative, Inc. ("Sandhill") is a local exchange carrier operating in the State of South Carolina.

Pursuant to S.C. Code Ann. § 58-9-576(A), any local exchange carrier ("LEC") may elect to have the rates, terms, and conditions of its services determined pursuant to the alternative regulation plan described in S.C. Code Ann. § 58-9-576(B), provided the Public Service Commission of South Carolina ("Commission") has approved a local interconnection agreement in which the LEC is a participant with an entity determined by the Commission not to be affiliated with the LEC. The Commission has approved such an agreement for Sandhill, and Sandhill hereby elects to have the rates, terms, and conditions of its services determined pursuant to the alternative regulation plan described herein (the "Plan"), which conforms with the plan described in S.C. Code Ann. § 58-9-576(B).

By Order No. 2017-603 in Docket No. 2017-288-C, the Commission approved an interconnection agreement between Sandhill and South Carolina Telecommunications Group Holdings, LLC d/b/a Spirit Communications ("Spirit"). An Affidavit of C. Lee Chambers is being filed with this Plan to certify that Sandhill is not affiliated with Spirit.

The Plan described herein is in lieu of other forms of regulation including, but not limited to, rate of return or rate base monitoring or regulation.

2. Effective Date

The effective date of the Plan is July 13, 2019, which is not sooner than thirty days after filing with the Commission notice of election of the Plan. The Plan will apply to all local services offered by Sandhill that are regulated by the Commission.

3. The Plan

- a. As of June 13, 2019, the date of notice of election of the Plan, existing rates, terms, and conditions for the services provided by Sandhill contained in the company's then-existing tariffs and contracts are considered just and reasonable.
- b. Sandhill is a "small LEC" for purposes of S.C. Code Ann. § 58-9-576(B)(3). S.C. Code Ann. § 58-9-10(14) defines "small LEC" to mean a "rural telephone company" as defined in the federal Telecommunications Act of 1996.

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- c. Sandhill's flat-rated local exchange services for residential and single-line business customers are priced below the statewide average local service rates for those services, weighted by number of access lines, as shown in Sandhill's local service tariffs on file with the Commission. Therefore, pursuant to S.C. Code Ann. § 58-9-576(B)(3), the requirements of S.C. Code Ann. § 58-9-576(B)(3) and (4) shall be waived by the Commission until such time as the company's residential and single-line business rates are priced at the statewide average local service rates for those services. At such time as Sandhill's residential and single-line business rates, or either of those rates, equals the statewide average local service rate for that service or those services, the rate for the service that is priced at the statewide average rate shall be subject to the provisions of S.C. Code Ann. § 58-9-576(B)(3) and (4); i.e., that rate shall be frozen for a period of two years from the date at which it is set at the statewide average rate and, after the expiration of the two-year period, may be adjusted on an annual basis pursuant to an inflation-based index. Notwithstanding the foregoing, Sandhill may increase its basic local residential service rates to the applicable nationwide average rate as determined by the Federal Communications Commission "FCC"), as permitted by the Commission for similarly-situated alternatively-regulated rural telephone companies in South Carolina in Commission Order No. 2013-201 in Docket No. 2013-55-C.
- d. Sandhill may increase rates for flat-rated local exchange services for residential and single-line business customers if they are below the statewide average rates, in accordance with S.C. Code Ann. § 58-9-576(B)(3), and may increase basic local residential service rates to the applicable nationwide average rate as determined by the FCC and as permitted by the Commission in Order No. 2013-201.
- e. Sandhill will set rates for all other services on a basis that does not unreasonably discriminate between similarly situated customers. All such rates are subject to a complaint process for abuse of market position in accordance with Commission rules and procedures.
- f. Except when exempted by law, Sandhill will file tariffs for price changes or new services with respect to its local exchange services (including residential and single-line business services) that set out the terms and conditions of the services and the rates for such services. Tariffs will be presumed valid and become effective seven days after filing for price decreases and fourteen days after filing for price increases and new services.
- g. As provided for in S.C. Code Ann. § 58-9-576(B), the Plan applies in lieu of rate of return or rate base regulation. Thus, the procedures set forth above for changes in rates are to be used in lieu of traditional rate-of-return procedures for determining rates, terms, and conditions for service, as found in S.C. Code Ann. §§ 58-9-510 through -570 and in 26 Code Ann. Regs. 103-834(A)(3).